

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Hasting Charter Township	County Barry
Fiscal Year End 12-31-06	Opinion Date 4-23-07	Date Audit Report Submitted to State 5-18-07	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

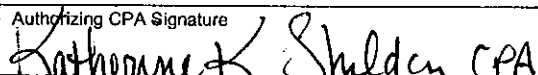
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>	Not Required	
Certified Public Accountant (Firm Name) Walker, Fluke & Sheldon, PLC		Telephone Number 269-945-9452	
Street Address 525 W Apple St		City Hastings	State MI
		Zip 49058	
Authorizing CPA Signature 	Printed Name Katherine K Sheldon, CPA	License Number 1101023575	

HASTINGS CHARTER TOWNSHIP
FINANCIAL STATEMENTS

For the year ended December 31, 2006

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WALKER, FLUKE & SHELDON, PLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Township Board
Hastings Charter Township
Barry County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Hastings Charter Township, Barry County, Michigan, as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hastings Charter Township, Barry County, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Hastings Charter Township, Barry County, Michigan, as of December 31, 2006, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and required supplementary information listed in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Hastings Charter Township's basic financial statements. The accompanying additional supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements of Hastings Charter Township, Barry County, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Hastings, Michigan
April 23, 2007

Walker, Fluke & Sheldon, PLC

Hastings Charter Township Management Discussion and Analysis

As the Township Board of Hastings Charter Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Hastings Charter Township for the fiscal year ended December 31, 2006. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Township. We encourage readers to consider this information in conjunction with the letter or transmittal, which begins on page 1, and the financial statements, which begin on page 7.

Financial Highlights

- The assets of Hastings Charter Township exceeded its liabilities at the close of the most recent fiscal year by \$1,252,418 (net assets) compared to \$1,299,593 last year. Of this amount, \$862,379 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$47,175, compared to an increase of \$38,888 last year.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$891,485 a decrease of \$61,214 compared to an ending fund balance of \$952,699, an increase of \$8,402 from the prior year.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$641,389 or 185% of total general fund expenditures. In 2005 the unreserved fund balance for the general fund was \$598,607 or 192% of total general fund expenditures. This demonstrates the Township's fiscal discipline and places the Township in a strong financial position to meet unexpected emergencies, uncertainties at the State level or the general slowdown of the economy.

Overview of the Financial Statements

Hastings Charter Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., state shared revenue).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include legislative, general government, public safety, public works, recreation and cultural and other.

The government-wide financial statements can be found on pages 7-8 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Hastings Charter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Hastings Charter Township maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Library Fund, which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

Fiduciary funds. Fiduciary funds account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include: (a) Expendable Trust Funds; (b) Nonexpendable Trust Funds; (c) Pension Trust Funds; and (d) Agency Funds.

The basic fiduciary fund financial statements can be found on page 13 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 14-21 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Township adopts an annual budget for its general fund and library fund. Within the required supplementary information, a budget comparison statement has been provided for these funds to demonstrate compliance with the budget.

Required supplementary information can be found on pages 22-24 of this report.

Individual fund statements and schedules are presented immediately following the required supplementary information on budgets on pages 25-29.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Hastings Charter Township, assets exceeded liabilities by \$1,252,418 at the close of the most recent fiscal year.

By far the most significant portion of the Township's net assets (69 percent) reflects its unrestricted net assets (\$862,379), which may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the Township's net assets (21 percent) reflects restricted net assets (\$261,131), which are resources that are subject to external restrictions on how they may be used. The remaining portion of the Township's net assets (10 percent) reflects its investment in capital assets (\$128,908) (e.g. land, buildings, equipment, furniture and fixtures). The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Hastings Charter Township's Condensed Financial Data

	2006 Governmental Activities	2005 Governmental Activities
Current and Other Assets	\$ 1,123,510	\$ 1,176,631
Capital Assets	<u>128,908</u>	<u>122,962</u>
Total Assets	<u>1,252,418</u>	<u>1,299,593</u>
Long-Term Liabilities	-	-
Other Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
Net Assets:		
Invested in Capital Assets, Net of related debt	128,908	122,962
Restricted	261,131	284,738
Unrestricted	<u>862,379</u>	<u>891,893</u>
Total Net Assets	<u>\$ 1,252,418</u>	<u>\$ 1,299,593</u>
Program Revenues		
Charges for Services	\$ 1,250	\$ 4,000
Capital Grants	11,547	-
General Revenues		
Property Taxes	180,362	170,053
State Grants	203,883	204,299
Licenses and Permits	1,425	2,574
Investment Income	20,974	17,833
Increase in Equity Interest in Joint Ventures	3,230	36,783
Other	<u>16,694</u>	<u>15,002</u>
Total Revenues	<u>439,365</u>	<u>450,544</u>
Program Expenses		
Legislative	28,077	21,972
General Government	120,504	129,853
Public Safety	83,313	77,996
Public Works	96,448	72,684
Health and Welfare	3,000	2,100
Recreational and Cultural	148,134	99,558
Other	<u>7,064</u>	<u>7,493</u>
Total Expenses	<u>486,540</u>	<u>411,656</u>
Change in Net Assets	<u>\$ (47,175)</u>	<u>\$ 38,888</u>

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

Governmental activities. Governmental activities decreased the Township's net assets by \$47,175 due to a change in the contract with Hastings Public Library. In prior years, the Township made one large payment in March of the following year. The Township now remits the tax revenue when received. An

additional \$45,664 was paid at year-end. Highways and streets increased due to Township Board approving more projects. For the most part, all other expenses were comparable with the prior year.

Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$891,485 a decrease of \$62,214. Last year, the Township's governmental funds combined ending fund balance was \$952,699, which was an increase of \$8,407.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance for the general fund was \$641,389. Unreserved general fund balance represents 185% of the total general fund expenditures. In the prior year, the unreserved fund balance was \$598,607, which represented 192% of the total general fund expenditures.

The fund balance of the Township's general fund decreased by \$19,052 during the current year, compared to an increase of \$2,452 in the prior year.

General Fund Budgetary Highlights

~~The revenue budget did not vary between the original budget and the final amended general fund budget.~~
The expenditures increased \$25,469 between the original budget and the final budget. The majority of the increase in appropriations can be summarized with the following increases and decreases:

- \$11,000 increase to the legislative
- \$6,454 increase to public safety
- \$3,000 increase to health and welfare

The majority of budget amendments were due to normal increases in the general day to day operations of the Township.

Capital Assets

The Township's investment in capital assets for its governmental activities as of December 31, 2006, amounts to \$128,908 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, improvements, equipment, furniture and fixtures.

During the year, the Township spent \$675 to upgrade the Treasurer's computer. Also, the Township acquired a voting machine valued at \$4,755 and a voter assist machine for handicapped individuals valued at \$6,792. These two assets were acquired through a state grant, and therefore no money was expended. Details of the Township's capital assets are continued in the notes to financial statements on page 20.

Economic Factors and Next Year's Budgets and Rates

Budget assumptions: The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. The Township no longer collects statutory revenue sharing payments. Only constitutional payments are received. State shared revenues are expected to decrease in the calendar year. The Township budgeted for a decrease in state-shared revenue. The Township's millage rate is reduced slightly by the Headlee Amendment every year but the taxable values increase slightly to balance the loss. The Township adopted a cost recovery ordinance in 2005 to offset some of the Fire Services expense. If the BIRCH fire trucks are called to an event within the Township and a citation or ticket is issued then the Township is entitled to bill the offender a minimum of \$350. A total of \$1,050 was collected in 2006 minus \$150 paid to the City of Hastings for preparing the paperwork. Various methods can be employed to collect the unpaid amounts.

The Township is always looking for different ways to maximize income. The Treasurer is currently consulting with a local investment representative to purchase CD's at the highest rates available. The Township is also working with the City of Hastings, other local Townships and a consulting firm to create an urban growth strategy. Hasting Charter Township already shares costs for fire protection, library services and various sewer and water lines. In the future the Township hopes to find more ways to work together to provide maximum services at minimum cost to residents and taxpayers. The Township also plans on improving a tract of land that it owns to better serve its residents. These factors were considered in preparing the Township's budget for the 2006-2007 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Hastings Charter Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the (Supervisor/Treasurer/Clerk), Hastings Charter Township, 855 River Road, Hastings, MI 49058. 269-948-9690

HASTINGS CHARTER TOWNSHIP
GOVERNMENT WIDE STATEMENT OF NET ASSETS
December 31, 2006

	<u>Primary Government</u>	
	Governmental	
ASSETS	Activities	Total
Cash and Cash Equivalents	\$ 77,385	\$ 77,385
Investments	430,565	430,565
Receivables		
Taxes	38,811	38,811
Special Assessments	856	856
Other	2,085	2,085
Due From State	66,022	66,022
Due From Other Funds	33,825	33,825
Restricted Assets	261,131	261,131
Investment in Joint Venture	212,830	212,830
Capital Assets (Net of Accumulated Depreciation)	<u>128,908</u>	<u>128,908</u>
Total Assets	<u>1,252,418</u>	<u>1,252,418</u>
<hr/>		
LIABILITIES		
Liabilities		
Accounts Payable	<u>-</u>	<u>-</u>
Total Liabilities	<u>-</u>	<u>-</u>
<hr/>		
NET ASSETS		
Net Assets		
Invested in Capital Assets, Net of Related Debt	128,908	128,908
Restricted-Library	61,074	61,074
Restricted-Improvements	200,057	200,057
Unrestricted	<u>862,379</u>	<u>862,379</u>
Total Net Assets	<u>\$ 1,252,418</u>	<u>\$ 1,252,418</u>

The Notes to Financial Statements are an integral part of this statement.

HASTINGS CHARTER TOWNSHIP
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Capital Grants	Primary Government	
				Governmental Activities	Total
Primary Government					
Governmental Activities					
Legislative	\$ 28,077	\$ -	\$ -	\$ (28,077)	\$ (28,077)
General Government	119,756	1,250	11,547	(106,959)	(106,959)
Public Safety	83,313	-	-	(83,313)	(83,313)
Public Works	96,448	-	-	(96,448)	(96,448)
Health and Welfare	3,000	-	-	(3,000)	(3,000)
Recreational and Cultural	148,134	-	-	(148,134)	(148,134)
Other	7,064	-	-	(7,064)	(7,064)
Total Governmental Activities	485,792	1,250	11,547	(472,995)	(472,995)
Total Primary Government	\$ 485,792	\$ 1,250	\$ 11,547	(472,995)	(472,995)
General Revenues					
Taxes				180,362	180,362
State Grants				203,883	203,883
Licenses and Permits				1,425	1,425
Investment Income				20,974	20,974
Other				16,694	16,694
Increase in Equity Interest in Joint Ventures				3,230	3,230
Loss on Disposal of Capital Assets				(748)	(748)
Total General Revenues and Transfers				425,820	425,820
Change in Net Assets				(47,175)	(47,175)
Net Assets-Beginning				1,299,593	1,299,593
Net Assets-Ending				\$ 1,252,418	\$ 1,252,418

The Notes to Financial Statements are an integral part of this statement.

**HASTINGS CHARTER TOWNSHIP
GOVERNMENTAL FUND BALANCE SHEET
December 31, 2006**

ASSETS	General	Library Fund	Total Governmental Funds
Cash and Cash Equivalents	\$ 274,295	\$ -	\$ 274,295
Investments	430,565	-	430,565
Receivables			
Taxes	38,811	61,074	99,885
Special Assessments	856	-	856
Other	5,232	-	5,232
Due From State	66,022	-	66,022
Due From Other Funds	<u>33,825</u>	<u>-</u>	<u>33,825</u>
Total Assets	<u>\$ 849,606</u>	<u>\$ 61,074</u>	<u>\$ 910,680</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Deferred Revenue	<u>\$ 8,160</u>	<u>\$ 11,035</u>	<u>\$ 19,195</u>
Total Liabilities	<u>8,160</u>	<u>11,035</u>	<u>19,195</u>
Fund Balances			
Unreserved-Undesignated	641,389	50,039	691,428
Reserved-Improvements	<u>200,057</u>	<u>-</u>	<u>200,057</u>
Total Fund Balances	<u>841,446</u>	<u>50,039</u>	<u>891,485</u>
Total Liabilities and Fund Balance	<u>\$ 849,606</u>	<u>\$ 61,074</u>	<u>\$ 910,680</u>

The Notes to Financial Statements are an integral part of this statement.

**HASTINGS CHARTER TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
December 31, 2006**

Total Fund Balance	\$ 891,485
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Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds

Governmental capital assets	\$ 197,654	
Less: Accumulated Depreciation	<u>68,746</u>	128,908

Investment in Joint Venture in governmental activities is not a financial resource and therefore is not reported in the governmental funds	212,830
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Deferred revenues reported in governmental funds are recognized as revenues in the governmental activities	<u>19,195</u>
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Net Assets of Governmental Activities	<u><u>\$ 1,252,418</u></u>
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The Notes to Financial Statements are an integral part of this statement.

HASTINGS CHARTER TOWNSHIP
GOVERNMENTAL FUND STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2006

	<u>General</u>	<u>Library Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes and Penalties	\$ 71,027	\$ 104,472	\$ 175,499
Licenses and Permits	1,425	-	1,425
State Grants	215,430	-	215,430
Charges for Services	1,250	-	1,250
Interest and Rents	20,974	-	20,974
Other Revenue	<u>16,694</u>	<u>-</u>	<u>16,694</u>
Total Revenues	<u>326,800</u>	<u>104,472</u>	<u>431,272</u>
Expenditures			
Current			
Legislative	28,077	-	28,077
General Government	114,228	-	114,228
Public Safety	<u>83,313</u>	<u>-</u>	<u>83,313</u>
Public Works	96,448	-	96,448
Health and Welfare	3,000	-	3,000
Recreational and Cultural	1,500	146,634	148,134
Other	7,064	-	7,064
Capital Outlay	<u>12,222</u>	<u>-</u>	<u>12,222</u>
Total Expenditures	<u>345,852</u>	<u>146,634</u>	<u>492,486</u>
Excess of Revenues Over (Under) Expenditures	(19,052)	(42,162)	(61,214)
Fund Balance-January 1, 2006	<u>860,498</u>	<u>92,201</u>	<u>952,699</u>
Fund Balance-December 31, 2006	<u>\$ 841,446</u>	<u>\$ 50,039</u>	<u>\$ 891,485</u>

The Notes to Financial Statements are an integral part of this statement.

HASTINGS CHARTER TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2006

Net Change in Fund Balances - Total Governmental Funds		\$ (61,214)
Net changes in revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		4,863
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	\$ 12,222	
Less: Current year depreciation	(5,528)	
Less: Loss on disposal of capital assets	<u>(748)</u>	5,946
Change in Joint Venture in governmental activities is not a financial resource and therefore is not reported in the governmental funds		<u>3,230</u>
Change in Net Assets of Governmental Funds		<u><u>\$ (47,175)</u></u>

The Notes to Financial Statements are an integral part of this statement.

HASTINGS CHARTER TOWNSHIP
FIDUCIARY FUNDS - STATEMENT OF NET ASSETS
December 31, 2006

<u>ASSETS</u>	<u>Trust and Agency</u>
Cash and Cash Equivalents	\$ 33,825
Total Assets	<u>\$ 33,825</u>
<u>LIABILITIES</u>	
Liabilities	
Due to Other Funds	\$ 33,825
Total Liabilities	<u>\$ 33,825</u>

The Notes to Financial Statements are an integral part of this statement.

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2006**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Hastings Charter Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Hastings Charter Township:

REPORTING ENTITY

Hastings Charter Township is situated in Barry County near the City of Hastings. The Township operates under an elected board of seven members and provides services to residents in many areas including fire protection, library and general government services. Education services are provided to citizens through several local school districts, which are separate governmental entities. The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Township, there are no component units to be included in these financial statements.

JOINT VENTURES

Fire Department

The Township, together with the Townships of Baltimore, Irving, Rutland and Carlton has established a joint fire department under the provisions of Public Act 33 of 1951 and Public Act 7 of 1967. The department is known as the BIRCH FIRE DEPARTMENT. The organizational agreement provides that financing of the Department's activities will be as follows:

"Each Township shall pay an amount of money equal to an agreed millage rate which shall be the same for all Townships, determined as if said millage rate was spread upon the tax roll in each Township or area of each Township served by the department. The amount of the millage shall be determined annually by the Board of Directors of BIRCH and shall be approved by each Township Board as part of the budget of BIRCH each year.

Once the millage has been determined and approved as provided above, the amount of money representing the millage in each Township can be raised by any means available to each township and does not have to be spread upon the tax roll as a 'special assessment'."

The Township Board of each member Township appoints one elected official to the BIRCH Board of Directors. The BIRCH Board of Directors appoints one member at large from each member Township. The member at large must be a resident and property owner in the district served.

Fire Department

The equity ownership of each Township which is a part of BIRCH in each major piece of fire apparatus or equipment or any personal property having a value of more than \$1,000 is determined using the percentage contribution of each Township as compared with the total contribution of all Townships during the year in which said asset was purchased. Equipment, apparatus and personal property, which is owned by BIRCH but was bought for a sum less than \$1,000, shall give each Township an equity interest in said property equal to the then current percentage of contribution of each Township as compared with the total contributions of all Townships for the current year.

Hastings Charter Township's share of the cost of fire protection remitted to BIRCH for the year ended December 31, 2006 was \$82,386.

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2006**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following information summarizes the activity of the joint venture through June 30, 2006 the most recent complete financial statements available.

Total Assets	\$ 499,432	Total Revenues	\$ 352,145
Total Liabilities	\$ -	Total Expenditures	\$ 368,151
Total Unrestricted Net Assets	\$ 175,548	Increase (Decrease) in Net Assets	\$ (16,006)
Total Capital Assets	\$ 323,884		
Total Joint Venture Outstanding Debt	\$ -		

Complete financial statements for BIRCH Fire Department can be obtained as from:

Shirley Drake, Treasurer
9938 S. M-37 Hwy
Dowling, MI 49050

Hastings Charter Township's total equity share in BIRCH Rural Fire Department is \$212,830, of which \$177,721 represents their equity interest in the fixed assets.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meet the operational or capital requirements of a particular function or segment. Taxes and other items are not properly included among program revenues, and are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2006**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual; therefore, they may have been recognized as revenue in the current fiscal period. All other revenues are considered to be measurable only when the Township receives cash.

Taxes Receivable – The Township property tax is levied on each December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. Their taxes are due on February 28th. After that date, they are added to the county delinquent tax rolls.

Although the Township ad valorem tax is levied and collectible on February 1st it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2006 State taxable valuation of the Township totaled \$71,118,380 on which ad valorem taxes levied consisted of .7439 mills for Township operating purposes and 1.5024 mills for library services, raising \$52,556 for operating and \$106,151 for library services. Current and delinquent property taxes collected prior to February 28 are recognized in the General Fund and Special Revenue Fund financial statements respectively.

The Township reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.
- The Library Fund is the Township's fund for library services. It accounts for the resources of library millage revenues that are restricted for use on library services. Revenues are primarily derived from property taxes.

Additionally, the government reports the following fund types:

- The Trust and Agency Fund accounts for the assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturity of three months or less when acquired. Investments are stated at fair value.

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2006**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. The Township's property taxes are levied and become a lien on each December 1 based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 28. After that date, they are added to the county delinquent tax rolls. The delinquent real property taxes of the Township are purchased by Barry County.

Restricted Assets - The Township has restricted assets for library services and for improvements. The funds restricted for improvements are restricted for any purpose that promotes the health, safety and welfare of the citizens of Hastings Charter Township. These funds are restricted by Ordinance 95-1, the Landfill "Impact Fee Ordinance".

Capital Assets - The Township defines Capital assets as assets with an initial cost of more than \$500 for furniture, and all other equipment and \$750 for buildings and all other improvements and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. Donated assets are reported at estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following useful lives:

Buildings	40 years
Land Improvements	15 years
Furniture	10 years
Equipment	7 years
Data Processing Equipment	4 years

Deferred Revenue - In the fund financial statements, governmental funds report deferred revenue in connection with resources that are not considered to be available to pay liabilities of the current period (60 days).

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for all required governmental fund types. The Township Boards prepares the annual budgets prior to December 31. A Public Hearing is conducted to obtain taxpayers' comments. The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2006**

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETARY FUNDS

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

<u>FUND</u>	<u>TOTAL APPROPRIATIONS</u>	<u>AMOUNT OF EXPENDITURES</u>	<u>BUDGET VARIANCE</u>
General			
General Government:			
Elections	\$ 6,325	\$ 16,887	\$ 10,562

ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by Hastings Charter Township.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated six banks, one federal savings banks and an investment company for the deposit of Hastings Charter Township funds.

The Township's deposits and investments are in accordance with statutory authority.

The financial statement caption cash and cash equivalents includes \$100 of petty cash.

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2006**

DEPOSITS AND INVESTMENTS (Continued)

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	GOVERNMENTAL ACTIVITIES	FIDUCIARY FUNDS	TOTAL PRIMARY GOVERNMENT
Cash and Cash Equivalents	\$ 77,385	\$ 33,825	\$ 111,210
Investments	430,565	-	430,565
Restricted Cash for Improvements	196,910	-	196,910
Total	<u>\$ 704,860</u>	<u>\$ 33,825</u>	<u>\$ 738,685</u>

The breakdown between deposits and investments is:

	PRIMARY GOVERNMENT
Bank Deposits (Checking and Savings Accounts, Certificates of Deposit)	\$ 738,585
Investment in Securities (Mutual Funds and Similar Vehicles)	-
Petty Cash and Cash on Hand	<u>100</u>
Total	<u>\$ 738,685</u>

Custodial credit risk is the risk that the Township will not be able to recover its deposits in the event of financial institution failure. The Township's deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At December 31, 2006, the Township has deposits with a carrying amount of \$738,585 and a bank balance of \$889,177. Of the bank balance, \$637,592 is covered by federal depository insurance and \$251,585 is uninsured and \$0 is collateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of the FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

INTERFUND RECEIVABLES AND PAYABLES

The amounts of the interfund receivables and payables are as follows:

FUND	INTERFUND RECEIVABLES	FUND	INTERFUND PAYABLES
General	\$ 33,825	Tax	\$ 33,825
	<u>\$ 33,825</u>		<u>\$ 33,825</u>

The interfund receivable and payable represent tax money collected; not yet remitted to the Township General Fund.

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2006**

CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 58,443	\$ -	\$ -	\$ 58,443
Subtotal	<u>58,443</u>	<u>-</u>	<u>-</u>	<u>58,443</u>
Capital Assets Being Depreciated				
Buildings	74,138	-	-	74,138
Land Improvements	20,598	-	-	20,598
Furniture	11,739	-	-	11,739
Equipment	15,982	11,547	6,172	21,357
Data Processing Equipment	<u>13,321</u>	<u>675</u>	<u>2,616</u>	<u>11,380</u>
Subtotal	135,778	12,222	8,788	139,212
Less Accumulated Depreciation for				
Buildings	27,307	1,576	-	28,883
Land Improvements	13,387	1,235	-	14,622
Furniture	5,176	900	-	6,076
Equipment	13,036	1,531	5,555	9,012
Data Processing Equipment	<u>12,353</u>	<u>286</u>	<u>2,485</u>	<u>10,154</u>
Subtotal	<u>71,259</u>	<u>5,528</u>	<u>8,040</u>	<u>68,747</u>
Net Capital Assets Being Depreciated	<u>64,519</u>	<u>6,694</u>	<u>748</u>	<u>70,465</u>
Governmental Activities Total Capital Assets- Net of Depreciation	<u>\$ 122,962</u>	<u>\$ 6,694</u>	<u>\$ 748</u>	<u>\$ 128,908</u>

Depreciation expense was charged to programs as follows:

Governmental Activities	
General Government	<u>\$ 5,528</u>
Total Governmental Activities	<u>\$ 5,528</u>

**HASTINGS CHARTER TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2006**

EMPLOYEE'S RETIREMENT SYSTEM - DEFINED CONTRIBUTION PLAN

The Township contributes to a defined contribution pension plan for its employees. A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeiture of other participants' benefits that may be allocated to such participant's account.

The retirement funds are held in individual self-directed accounts held by the participants. Under the plan there is no age requirement and all employees who earn greater than \$450 per year are eligible. Contributions by the Township vest immediately. The Township contributes 25% of the participants' gross earnings. Voluntary employee contributions are not allowed.

During the year, the Township's required and actual contributions amounted to \$14,296, which was 25.00% of its current-year covered payroll of \$57,184. The total fiscal year payroll was \$57,535. No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township manages its risk exposure through a combination of risk management pools and commercial insurance. The Township has insurance provided by an independent insurance company for worker's compensation. Following is a summary of the risk management pool participation.

The Township participates in the Michigan Township Participating Plan (Par Plan) for property, general liability, and employee bond coverage. The Michigan Township Participating Plan was established in April 1985, pursuant to laws of the State of Michigan, which authorizes local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the plan is to jointly exercise powers common to each participating member to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect any member of the authority against liability or loss.

The Michigan Township Participating Plan, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Par Plan. Due to this reinsurance purchase, there is no pooling of risk between members. The plan has protected itself in the event reinsurance becomes uncollectible by purchasing a reinsurance treaty for uncollectible reinsurance.

The Par Plan chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The individual members are responsible for their self-retention amounts (deductibles), which vary from member to member.

At December 31, 2006, there were no claims that exceeded insurance coverage. The Township had no significant reduction in insurance coverage from previous years.

HASTINGS CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ 860,498	\$ 860,498	\$ 860,498	\$ -
Resources (Inflows)				
Taxes and Penalties	50,000	67,750	71,027	3,277
Licenses and Permits	2,750	2,500	1,425	(1,075)
State Grants	205,000	205,000	215,430	10,430
Charges for Services	18,500	1,000	1,250	250
Interest and Rents	14,200	14,200	20,974	6,774
Other Revenue	<u>18,500</u>	<u>18,500</u>	<u>16,694</u>	<u>(1,806)</u>
Amounts Available for Appropriation	<u>308,950</u>	<u>308,950</u>	<u>326,800</u>	<u>17,850</u>
Charges to Appropriations (Outflows)				
Legislative	17,110	28,110	28,077	33
General Government				
Supervisor	19,456	19,456	19,103	353
Elections	6,325	6,325	5,340	985
Assessor	24,185	24,385	24,362	23
Clerk	23,356	23,456	22,724	732
Board of Review	2,950	2,950	2,545	405
Treasurer	23,613	23,713	23,188	525
Township Hall	10,496	10,496	9,522	974
Cemetery	8,794	8,794	7,444	1,350
Public Safety				
Fire	80,000	82,440	82,386	54
Planning	5,000	5,000	927	4,073
Public Works				
Drains	-	375	371	4
Highways	90,000	96,049	95,813	236
Street Lighting	240	270	264	6
Health and Welfare				
Green Gables	-	3,000	3,000	-
Recreational and Cultural				
YMCA	-	1,500	1,500	-
Other	8,000	8,000	7,064	936
Capital Outlay	<u>-</u>	<u>675</u>	<u>12,222</u>	<u>(11,547)</u>
Total Charges to Appropriations	<u>319,525</u>	<u>344,994</u>	<u>345,852</u>	<u>(858)</u>

HASTINGS CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND- Continued
For the Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Excess of Resources Over (Under)				
Appropriations	<u>(10,575)</u>	<u>(36,044)</u>	<u>(19,052)</u>	<u>16,992</u>
Budgetary Fund Balance				
December 31, 2006	<u>\$ 849,923</u>	<u>\$ 824,454</u>	<u>\$ 841,446</u>	<u>\$ 16,992</u>

HASTINGS CHARTER TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - LIBRARY FUND
For the Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ 92,201	\$ 92,201	\$ 92,201	\$ -
Resources (Inflows)				
Taxes and Penalties	<u>101,000</u>	<u>147,000</u>	<u>104,472</u>	<u>(42,528)</u>
Amounts Available for Appropriation	<u>101,000</u>	<u>147,000</u>	<u>104,472</u>	<u>(42,528)</u>
Charges to Appropriations (Outflows)				
Recreation and Cultural Library	<u>100,776</u>	<u>146,634</u>	<u>146,634</u>	<u>-</u>
Total Charges to Appropriations	<u>100,776</u>	<u>146,634</u>	<u>146,634</u>	<u>-</u>
Excess of Resources Over (Under) Appropriations	<u>224</u>	<u>366</u>	<u>(42,162)</u>	<u>(42,528)</u>
Budgetary Fund Balance- December 31, 2006	<u>\$ 92,425</u>	<u>\$ 92,567</u>	<u>\$ 50,039</u>	<u>\$ (42,528)</u>

HASTINGS CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Revenues				
Taxes and Penalties:				
Property Taxes			\$ 46,876	
Delinquent Property Tax			4,552	
Collection Fees			19,354	
Trailer Park Fees			<u>245</u>	
Total Taxes and Penalties	\$ 50,000	\$ 67,750	<u>71,027</u>	\$ 3,277
Licenses and Permits:				
Cable TV Fees			<u>1,425</u>	
Total Licenses and Permits	2,750	2,500	<u>1,425</u>	(1,075)
State Grants:				
State Revenue Sharing			199,916	
Other			<u>15,514</u>	
Total State Grants	205,000	205,000	<u>215,430</u>	10,430
Charges for Services:				
Charges for Services			1,050	
Sale of Cemetery Lots			<u>200</u>	
Total Charges for Services	18,500	1,000	<u>1,250</u>	250
Interest and Rentals:				
Interest			<u>20,974</u>	
Total Interest and Rentals	14,200	14,200	<u>20,974</u>	6,774
Other Revenue:				
Special Assessment Revenue			109	
Land Impact Fees			11,776	
Metro Act			2,692	
Reimbursements			1,838	
Miscellaneous			<u>279</u>	
Total Other Revenue	<u>18,500</u>	<u>18,500</u>	<u>16,694</u>	<u>(1,806)</u>
Total Revenues	<u>308,950</u>	<u>308,950</u>	<u>326,800</u>	<u>17,850</u>

HASTINGS CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Expenditures				
Legislative:				
Township Board:				
Per Diem and Fees			4,165	
Payroll Taxes			60	
Pension			1,081	
Office Supplies			3,758	
Professional Fees			14,552	
Dues and Training			1,406	
Printing and Publications			527	
Software Support			890	
Repairs and Maintenance			285	
Miscellaneous			<u>1,353</u>	
Total Legislative	<u>17,110</u>	<u>28,110</u>	<u>28,077</u>	<u>33</u>
General Government:				
Supervisor:				
Salary			14,397	
Payroll Taxes			209	
Pension			3,609	
Mileage			498	
Dues and Training			235	
Miscellaneous			<u>155</u>	
Total Supervisor	19,456	19,456	<u>19,103</u>	353
Elections:				
Salary			2,748	
Payroll Taxes			76	
Pension			319	
Printing and Publishing			24	
Supplies			1,697	
Miscellaneous			476	
Capital Outlay			<u>11,547</u>	
Total Elections	6,325	6,325	<u>16,887</u>	(10,562)
Assessor:				
Contracted Services			23,185	
Miscellaneous			<u>1,177</u>	
Total Assessor	24,185	24,385	<u>24,362</u>	23

HASTINGS CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Expenditures (Continued)				
General Government (Continued):				
Clerk:				
Salary			16,799	
Other Wages			685	
Payroll Taxes			296	
Pension			4,366	
Mileage			488	
Dues and Training			90	
Total Clerk	23,356	23,456	<u>22,724</u>	732
Board of Review:				
Salary			1,640	
Payroll Taxes			139	
Pension			450	
Printing and Publications			316	
Total Board of Review	2,950	2,950	<u>2,545</u>	405
Treasurer:				
Salary			17,171	
Other Wages			750	
Payroll Taxes			57	
Pension			4,481	
Mileage			364	
Dues and Training			10	
Miscellaneous			355	
Capital Outlay			675	
Total Treasurer	23,613	24,388	<u>23,863</u>	525
Township Hall:				
Contracted Services			5,073	
Supplies			115	
Utilities			2,955	
Repairs and Maintenance			849	
Miscellaneous			530	
Total Township Hall	10,496	10,496	<u>9,522</u>	974

HASTINGS CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Expenditures (Continued)				
General Government (Continued):				
Cemetery:				
Contracted Services			7,019	
Supplies			270	
Repairs and Maintenance			155	
Total Cemetery	<u>8,794</u>	<u>8,794</u>	<u>7,444</u>	<u>1,350</u>
Total General Government	<u>119,175</u>	<u>120,250</u>	<u>126,450</u>	<u>(6,200)</u>
Public Safety:				
Fire Protection:				
Contracted Services			82,386	
Total Fire Protection	80,000	82,440	<u>82,386</u>	54
Planning and Zoning:				
Salaries			750	
Payroll Taxes			57	
Pension			120	
Total Planning and Zoning	<u>5,000</u>	<u>5,000</u>	<u>927</u>	<u>4,073</u>
Total Public Safety	<u>85,000</u>	<u>87,440</u>	<u>83,313</u>	<u>4,127</u>
Public Works:				
Drains:				
Drain Expenses			371	
Total Drains	-	375	<u>371</u>	4
Highways:				
Repairs and Maintenance			95,813	
Total Highways	90,000	96,049	<u>95,813</u>	236
Street Lighting:				
Utilities			264	
Total Street Lighting	<u>240</u>	<u>270</u>	<u>264</u>	<u>6</u>
Total Public Works	<u>90,240</u>	<u>96,694</u>	<u>96,448</u>	<u>246</u>

HASTINGS CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended December 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Expenditures (Continued)				
Health and Welfare				
Green Gables:				
Contracted Services			<u>3,000</u>	
Total Green Gables	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total Health and Welfare	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Recreational and Cultural:				
YMCA:				
Contracted Services			<u>1,500</u>	
Total YMCA	<u>-</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Total Recreational and Cultural	<u>-</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Other:				
Insurance and Bonds	<u>8,000</u>	<u>8,000</u>	<u>7,064</u>	<u>936</u>
Total Other	<u>8,000</u>	<u>8,000</u>	<u>7,064</u>	<u>936</u>
Total Expenditures	<u>319,525</u>	<u>344,994</u>	<u>345,852</u>	<u>(858)</u>
Excess of Revenues Over (Under)				
Expenditures	<u>(10,575)</u>	<u>(36,044)</u>	<u>(19,052)</u>	<u>16,992</u>
Fund Balance-January 1, 2006	<u>860,498</u>	<u>860,498</u>	<u>860,498</u>	<u>-</u>
Fund Balance-December 31, 2006	<u>\$ 849,923</u>	<u>\$ 824,454</u>	<u>\$ 841,446</u>	<u>\$ 16,992</u>



WALKER, FLUKE & SHELDON, PLC
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April 23, 2007

To the Township Board
Hastings Charter Township
Barry County, Michigan

We have recently completed an audit of the financial statements of Hastings Charter Township, Barry County, Michigan for the year ended December 31, 2006. During the course of the audit, the following items came to our attention, which require further comment.

Budgeting

P.A. 621 of 1978, Section 17, provides that a local unit should amend the expenditures budget when it appears that the budgeted revenues will be less than anticipated expenditures. In addition, Section 18 provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended December 31, 2006, the Township over expended in one area. The Township currently monitors the budget and does amend the budget from time to time and will continue to do so. In addition, consideration should be taken at year-end for typical audit adjustments and amend the budget accordingly.

We would like to take this opportunity to thank the Hastings Charter Township Clerk and Treasurer for the cooperation and courtesy extended to us during the audit. If you have any questions or need assistance, do not hesitate to contact us.

Walker, Fluke & Sheldon, PLC